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## Seasonal Trends in Cattle Marketing

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successful cattle feeders watch

## Seasonal Trends in Cattle Marketing

in planning their operations

by Sam H. Thompson

**O**VER THE YEARS, it's the feeder who watches and knows seasonal trends and the other factors affecting cattle marketing who comes out on top. While the seasonal trend itself or the month of highest prices doesn't always reveal the best time to market, it's helpful to know when highest prices occur.

To market when prices are high might result in incurring higher costs and actual reduction of net profit. But successful farmers and other businessmen watch both prices and costs—each trying to get the largest return from his farm or business unit.

In 1949 marketings of Iowa cat-

tle yielded receipts of \$524 million—more than a fifth of Iowa's cash farm income. Besides cattle produced in Iowa for further feeding, we've been importing more than a million head annually from other states in recent years. Most are grain-fed on Iowa farms.

Since a large proportion of cattle received at the Chicago stockyards are grain-fed animals from the Corn Belt, Iowans watch that market with considerable interest. Other important outlets are the markets of interior Iowa and southern Minnesota, Sioux City and Omaha.

### A Closer Look

But now let's look a little more closely at how seasonal marketing trends affect the prices we get for our cattle. Since Chicago figures

are available for a longer period of time, we'll use them.

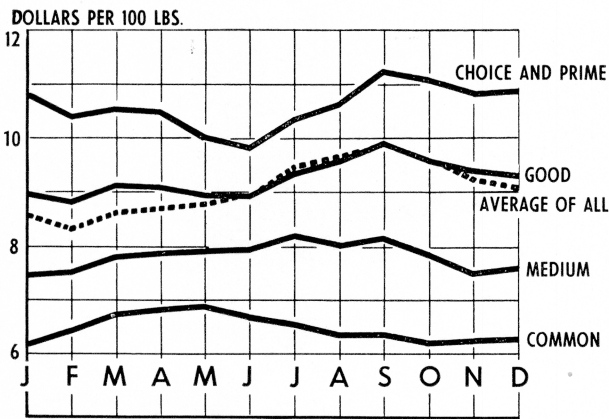
In looking at the prices of various grades of grain-fed cattle (see fig. 1), notice the pattern of the choice and prime grade prices as contrasted to those for the lower grades. There's some tendency for prices of the lower grades to follow the prices of stocker and feeder cattle.

In May and June when the proportion of grain-fed cattle is high in comparison to so-called grass-fats, the spread tends to narrow. But in the summer and fall months when grass-fed cattle from other areas move to market in large volume, their competition with lower-grade steers causes lower prices for the lower grades. In the latter half of the year, the differentials between top and bottom grades tend to be widest.

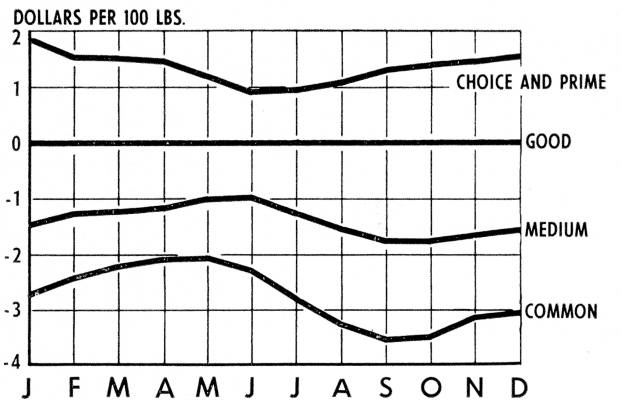
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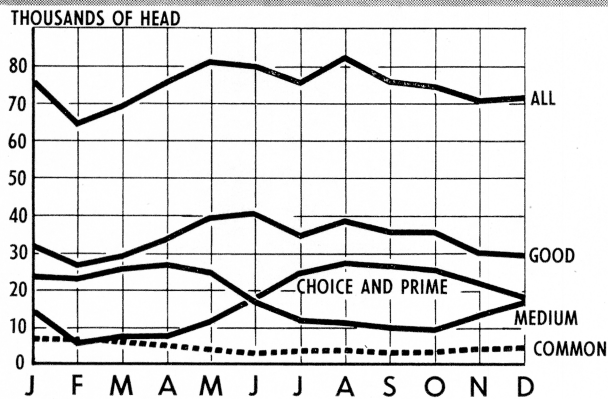




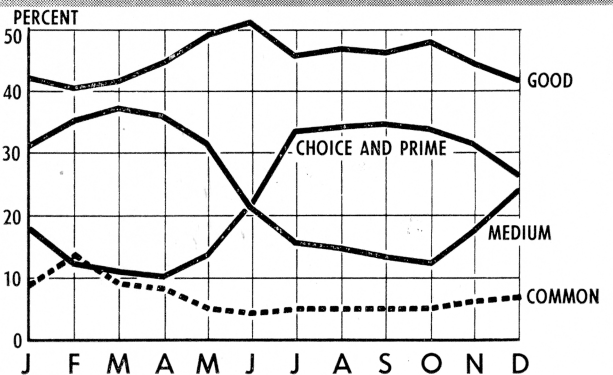
1 MONTHLY AVERAGE PRICES BY GRADES OF BEEF STEERS SOLD OUT OF FIRST HANDS AT CHICAGO FOR SLAUGHTER, 1932-1941.



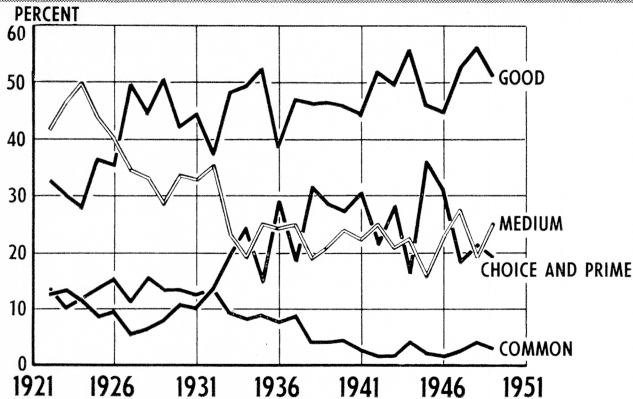
2 MONTHLY AVERAGE DIFFERENTIALS OF SPECIFIED GRADES OF STEERS SOLD OUT OF FIRST HANDS AT CHICAGO FROM PRICE OF GOOD GRADE, 1932-1941.



3 MONTHLY AVERAGE NUMBER OF BEEF STEERS SOLD OUT OF FIRST HANDS AT CHICAGO, 1932-1941

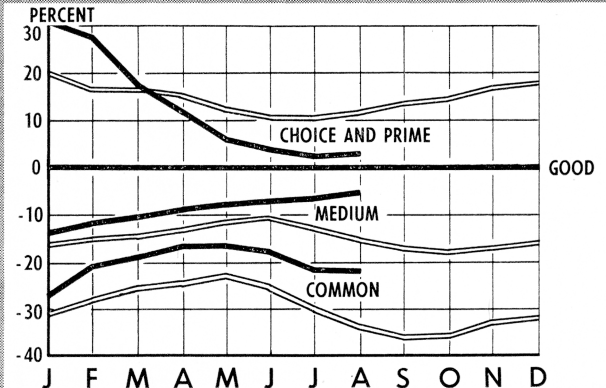


4 MONTHLY AVERAGE PERCENTAGE DISTRIBUTION BY GRADES OF STEERS SOLD OUT OF FIRST HANDS AT CHICAGO FOR SLAUGHTER, 1931-1941.

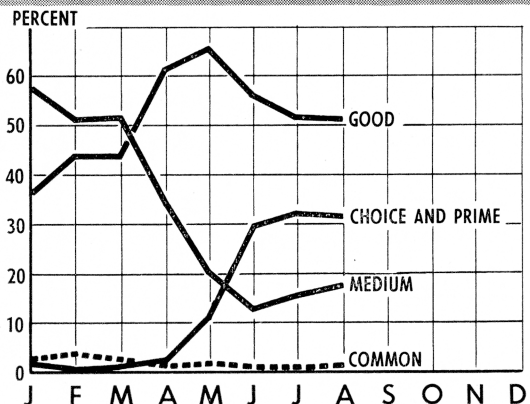


5 STEERS SOLD OUT OF FIRST HANDS AT CHICAGO FOR SLAUGHTER. PERCENT OF TOTAL ANNUALLY BY GRADES.

The proportions of steers in various grades fluctuates from year to year. In the 28 years ending with 1949 the proportions in good as well as in choice and prime grades have tended to increase. Since 1932 the proportion of medium grade steers is substantially smaller than before that year. The proportion of common steers has been smaller since 1932 with further declines since 1936. Steers in the higher grades possess suitable confirmation and finish and have been grain-fed for a relatively long period.



6 PERCENTAGE DEVIATION MONTHLY FROM GOOD GRADE OF CHOICE AND PRIME, MEDIUM, AND COMMON GRADES, 1932-1941 AND 1950.



7 MONTHLY PERCENTAGE DISTRIBUTION OF GRADES OF STEERS SOLD OUT OF FIRST HANDS AT CHICAGO FOR SLAUGHTER, 1950.

SOURCE OF BASIC DATA: BUREAU OF AGRICULTURAL ECONOMICS

The monthly average price of all grades for the 10-year period shown is almost the same as the price of the good grade from June to December. For the first 5 months of the year, the average of all grades was somewhat below the monthly average good grade price.

Although fig. 1 seems to show that the prices of grain-fed steers follow a consistent pattern, the pattern may differ sharply within a single year. Thus, in the 10-year period 1932-41, the high month for choice and prime steers occurred three times in January, two times in December and one time each in March, April, August, September and October. The low monthly average price occurred three times in June, twice in December, and one time each in January, February, July, August and November.

## Other Factors Too

This variation means that factors other than seasonality enter into the picture and may have more significance in a given year. Such factors include consumer demand, competition with other meats, length of feeding period, price of corn and other feeds, the extent of grain storage and many others.

When grain is scarce and high-priced, the supply of highly-finished animals eventually drops, and prices of choice and prime cattle increase relative to lower-grade prices. When feed is plentiful and cheap, the supply of grain-feds eventually expands, and the differentials of the better grades above medium and common cattle become smaller.

Although supplies of grain-fed cattle are usually larger in July, August, September and October, the prices are usually relatively high because of active seasonal demand among consumers.

Since good-grade steers at Chicago have been the most numerous group since 1926, it would be convenient to use them as a base for comparing differentials of higher and lower grades (see fig. 2). Monthly average prices of prime and choice steers as an average of the 10 prewar years ranged from \$0.93 in June to \$1.79 in January above good grade. Medium steers were closest to good-grade steers in

June—only \$0.98 lower—while in September and October the spread was widest—\$1.71 below the good grade. The monthly average differential between good and common steers was smallest in June (\$2.04), and widest in September (\$3.52).

## Steer Numbers

In the 10-year period just before World War II, the average number of head of beef steers sold out of first hands at Chicago for slaughter varied from a high of 83,000 for August to a low of 65,000 for February (see fig. 3). Farmers handling grain-fed cattle must take this into account to avoid an overload for any one month.

Another, and perhaps more important, thing to consider is the differences in quantities of specific grades available on the market at various times.

About two-thirds of our feeders imported from other states are bought from August to November. Most of these feeders come from pastures. Some are "warmed up" with a short feed and reappear as medium grade slaughter cattle within 2 or 3 months. Others held for longer feeding periods may appear as good-grade—or if held after midyear, a large proportion will qualify as choice and prime.

During the first 5 months of the year, medium steers were about one-third of the total, while choice steers made up a little more than 10 percent (see fig. 4). By June the good-grade proportion reached its peak of 51 percent, when about 20 percent of receipts qualified for choice and prime grade. The proportion grading choice and prime came to a peak of 35 percent in August and continued at a high level through October. Meanwhile, the proportion of medium steers dropped to a low point in October.

## What About Now?

We've talked about the differentials between prices of good grades and other grades in the prewar period. Since that time, differentials between the good-grade cattle and others have often been quite wide.

Last January, for example, the

average price for choice and prime steers was \$8.66 above the good grade, while the medium grade price average was \$4.01 below good grade. In the same month, common steers were \$7.70 below good grade.

Last June, by contrast, choice and prime steers averaged only \$1.35 above the good average, while medium steers were \$2.13 below good grade. Common steers were \$5.31 below good grade.

In fig. 6, we've converted the differentials for grades from fig. 2 into percentages for the 1932-41 period. We've also added differentials of choice and prime, medium and common grades for 1950 shown as percentages of the good-grade price for that year.

For common and medium grades, the monthly variations of average prices from the good grade for 1950 are relatively smaller than during the 10-year period. And, except for the first 3 months of the year, the same is true for the choice and prime price averages.

## How It Works

Most cattle are put on feed in the fall because the price of feeder cattle from ranges then is usually seasonally low and there are large feed supplies on farms in the Corn Belt.

Longer feeding tends to raise the grade of these cattle and also the price that can be obtained for them. But the farmer in choosing his time of sale must consider how far the current seasonal price is likely to vary from the "normal"—and at the same time watch his feed costs and the changing margin between the initial cost of his feeders and their expected selling price.

In watching his feed costs, he's confronted by the fact that for each hundredweight of gain added, he needs an increasing quantity of feed. So in deciding when to sell, he must multiply the increasing quantities of feed needed by the price on the market. Then he can compare total costs with his price expectation on finished cattle at the time he proposes to sell.

A rough approximation of the number of bushels of corn (or other feed units<sup>1</sup>) required for each additional 100 pounds of gain for (1) choice feeder steer calves; (2)



choice feeder yearling steers; and (3) choice feeder 2-year-old steers is shown in table 1<sup>2</sup>.

Multiplying the value of a bushel of corn by the number of bushels required for each 100 pounds of gain gives a rough estimate of the cost of that gain and helps in determining the time of sale.

<sup>1</sup> Based on Morrison; a bushel of No. 2 corn has 44.9 pounds of digestible feed nutrients and may be defined as a feed unit.  
<sup>2</sup> From USDA Technical Bulletin 900.

**TABLE 1**  
**Bushels of Corn (or equivalent) for Each 100-Pound Gain**

Kind	Initial weight pounds	1st 100 lbs.	2nd 100 lbs.	3rd 100 lbs.	4th 100 lbs.	5th 100 lbs.	6th 100 lbs.	7th 100 lbs.
Calf	400*	9.0	9.6	10.9	12.5	14.6	17.5†	22.0
Yearling	640*	10.4	12.1	14.3	17.5‡	22.4		
2-year-old	835*	10.6	13.0	16.7**	23.3			

\* Common to medium slaughter grade.

† Choice slaughter grade.

‡ Choice slaughter grade reached at 1080 pounds.

\*\* Choice slaughter grade reached at 1185 pounds.



## Check Swine Brucellosis

by Alvin B. Hoerlein

**Three plans have been worked out for testing and segregating the breeding herds to control this costly and dangerous disease found on Iowa farms.**

**W**HILE SOME swine diseases are much more spectacular in the loss they cause, swine brucellosis is a more underhanded invader into the swine herd—and into the farm family.

The exact cost of this disease to the swine industry in the Corn Belt isn't known. But it has been recognized for many years as an im-

portant cause of sterility in the breeding herd. Where a member of the farm family has contracted brucellosis (undulant fever) from infected swine, there's no doubt about the "cost" of the disease.

When spread to man, the disease may cause an acute or chronic incapacitating infection—characterized by a long course of months or even years with frequent relapses. One young Iowa farmer recently had to give up farming after be-

coming infected from his swine. His case isn't a rare one.

### Often Not Suspected

Often swine brucellosis seems to lie dormant in the swine herd. It causes so little trouble that its presence isn't suspected until—perhaps after several years—a storm of infection breaks.

In infected herds, the most common symptom is that a number of bred sows come back into heat 4 to 8 weeks after breeding. Abortion,

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